

Private Company Loss Scenarios from Chubb



Inappropriate Jokes...The Punchline is Not Funny

COVERAGE SECTION	Employment Practices Liability
Cause of action	Sexual Harassment
Type of organization	Private
Number of employees	145
Annual revenue	\$37 million

DESCRIPTION OF EVENT

According to a female employee, a supervisor allegedly made abusive and sexually explicit comments to her and several coworkers. The supervisor also made sexual advances toward the employee, who rebuffed the advances. Shortly thereafter, the employee was terminated as part of a wider company reduction in force. The former employee later brought suit against the company and two managers, alleging sexual harassment, intentional infliction of emotional distress, wrongful termination, retaliation, and sex discrimination. She sought \$275,000, plus reimbursement of legal fees. The employer responded with a defense stating that the ex-employee's personnel file showed she had often been tardy for work, had conflicts with managers, and had patchy performance and that her termination was the result of a broad reduction in force. Records indicated she had been a problem employee, frequently talked about her sex life, and made vulgar comments at work. However, it also came to light that management had tolerated sexual jokes around the office but assumed no one was offended.

RESOLUTION

A court panel ruled against the company, ordering it to pay the plaintiff \$100,000 plus her legal fees. In addition, the company accrued \$31,000 in defense costs.



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Could this happen to your organization? Contact your trusted Chubb agent or broker.

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